

Majestic America Line

management progress to date March 5, 2008

Since the grounding of the Empress of the North in May, 2007, Majestic America Line has made extremely rapid and wide-ranging progress toward establishing a corporate culture of safety and compliance in all aspects of our operations. We believe the time, funding and other resources directed toward these efforts clearly show the company's commitment and dedication toward establishing Majestic America Line as an industry leader. Our goal is to become an industry leader by following a process of continuous improvement and an operator that will be emulated by others.

Our accomplishments over the past nine months:

1. Held very successful three day Senior Management Conference in New Orleans in January. All Captains, Chief Officers, Chief Engineers and Hotel Managers attended, as well as all Majestic and V.Ships shoreside management. Parent corporation Ambassadors, Inc. President and CEO also attended and gave an opening speech reinforcing the importance of compliance and quality management programs being implemented fleet-wide. The senior USCG Captain for the Mississippi River gave a very inspiring motivational talk and the ABS Senior Surveyor also reinforced the changes in corporate culture we are affecting. Leadership training was completed by all attendees.
2. The Safety Management System for the Empress of the North has been completely redesigned to make it much more useful and robust. The SMS is being voluntarily implemented fleetwide, not just on the Empress as required. An SMS implementation team consisting of V.Ships and Majestic management personnel has been formed and is visiting all vessels to ensure that the SMS is fully and properly implemented. They are providing assistance to the Captains to implement the SMS throughout the vessel. The first successful implementation on the American Queen occurred in late February.
3. The SMS has been approved by the American Bureau of Shipping and will be externally audited ashore and aboard for all periodic verification audits. Internal audits will be performed by V.ships. Annual "Owner's Audits" of shoreside facilities, vessels and V.ships operational management will be performed by Majestic America Line.
4. Assessment and Evaluation of all newly hired Bridge Watch Officers commenced in early February. To date, three deck officers have been fully assessed and evaluated by the Pacific Maritime Institute on their full mission bridge simulator. The exercise consists of an approximately two hour session where operational skills and knowledge are strenuously examined. Three more deck officers are pending assessment and evaluation.
5. Start-up Training for all vessels has commenced with the American Queen in late February. This consisted of approximately ten days of training, five of which focused solely on safety, security and environmental compliance. Numerous

drills and exercises were also held. The American Queen passed her Certificate of Inspection examination and drills with flying colors and kudos from the Coast Guard – a testament to the type and level of training that is being performed. Start-up training for the Empress of the North is next, scheduled in mid-March.

6. High level medical training for selected crewmembers has commenced with our first candidate currently attending STCW Medical Person-in-Charge training in Seattle. This is an advanced intensive 80 hour medical course to enable our vessels to provide emergency medical services aboard above the level of an Emergency Medical Technician (EMT) when required.
7. Majestic America Line is working with a new consulting physician based in Seattle rather than in Miami as was the case previously. Dr. Ray Jarris is a well-known maritime physician and is working with us to develop physical standards for our employees and standard medical kits that will be carried aboard each vessel once the Med PIC crewmembers are all trained.
8. We have purchased a sophisticated claims management system (Asgard Summit) that has just been installed on our server, and selected operations employees are currently being trained. This software tracks all passenger and crew claims from all vessels and gives us the ability to produce comprehensive customized reports that will analyze accident and injury trends. Trend analysis will allow us to actively manage safety and compliance by focusing our corrective efforts in areas identified as high-risk and high-occurrence.
9. A comprehensive Steersman Training Program is being designed by the Pacific Maritime Institute and several of our Masters and Pilots. This one-year training program will combine classroom and onboard training periods that will enable our Mates to obtain pilot licenses on the Mississippi River. This program is being modeled on a similar successful program currently in use by several two-boat companies and will be USCG approved prior to implementation (and audited by the CG once in place).
10. As part of the SMS, we have designed and are implementing a thorough Preventive Maintenance Program (PMP) using the established format of the USCG Streamlined Inspection Program (SIP). This PMP will enable us to gain acceptance into the Coast Guard's prestigious SIP by providing training for the crews and management of the existing PMP for an extended period of time before we apply for SIP acceptance.
11. We have sent five carefully selected employees through an intensive 10 day professional fire fighting instructor course at the Washington State Fire Academy. They are currently National Fire Protection Association Level 1 Instructor certified, USCG Accepted trainers, and USCG Approved Fire Fighting instructors. These employees are now back out in the fleet and performing onboard training and drills of fire teams.
12. We have contracted with the Pacific Maritime Institute for a two-year MATES training program similar to that used by the towing industry to provide trained officers to the fleet. Our first officer candidate is currently enrolled in this program and is employed as a deckhand aboard one of our vessels. For the next two years he will rotate between periods of documented onboard training and formal classroom training at PMI.

13. Majestic America Line contracted with Aasgard Summit (a well-known maritime risk consulting firm) to perform a comprehensive examination of all areas of company operations to determine our amount of risk and recommend policy and procedural changes. All recommendations made in the Aasgard report have been implemented.
14. We implemented a comprehensive Workplace Safety Program aboard all vessels to address personal accident and injury prevention; Confined Space Entry, Lock out/Tag out, Respiratory Protection, Hearing Conservation, Fall Protection, Bloodborne Pathogens, and Personal Protective Equipment. Season Start-up Training provides training in each of these areas to all crewmembers which will be reinforced during onboard training conducted by the Pacific Maritime Institute aboard each vessel.
15. We created and implemented a system of Marine Directives to disseminate new and revised policies and practices aboard our vessels. By the end of the 2007 operating season, we disseminated five of these marine directives giving guidance and establishing policy to the Majestic fleet.
16. We established a toll-free phone number for incident reporting and requests for advice and assistance from the ships. This number is manned 24 hours a day/7 days a week by a "Duty Officer". This service is being provided by our contracted operational management provider, V.Ships Leisure LLC and its effectiveness is monitored by Majestic America Line.
17. We created and implemented a Career Education & Advancement Reimbursement Program for our employees to further their educational and career goals. To date, this program has been highly successful, providing advanced educational and training opportunities to at least 20 carefully selected crewmembers.
18. Majestic America Line has instituted a USCG Ride Program on the Mississippi River that offers U.S. Coast Guard Inspection and Boarding Officers the opportunity to ride along on our vessels while underway with passengers to observe our operations and assist with our improvement efforts. We hope to have the Coast Guard take advantage of this program in the 2008 operating season.
19. We have become active members and participants with the Cruise Line Industry Association (CLIA) and the Passenger Vessel Association (PVA) to share lessons learned and to learn from the successes of other industry members. We have adopted Association standards where appropriate and are energetically involved in developing new standards for the improvement of our operations and the industry.
20. We have vastly improved our relationship with the Coast Guard and are in frequent communication with them in the spirit of open and honest dialogue with the common goal of making our vessel operations the best that they can be.

This is the progress we have made to date. We are in the process of identifying additional areas for development and creating further programs and processes to improve the fleet and company.